

COPY

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

FILED

JUL 03 2007

IN THE MATTER OF THE PETITION OF)
TWIN LAKES UTILITIES, INC. FOR AN)
INCREASE IN ITS RATES AND CHARGES)
FOR WATER AND WASTEWATER UTILITY)
SERVICE)

CAUSE NO. 43128

INDIANA UTILITY
REGULATORY COMMISSION


PETITIONER'S SUBMISSION OF SETTLEMENT TESTIMONY

The petitioner, Twin Lakes Utilities, Inc. ("Twin Lakes") submits the attached settlement testimony of its witness, Michael T. Dryjanski.

Respectfully submitted,

TWIN LAKES UTILITIES, INC.

By:



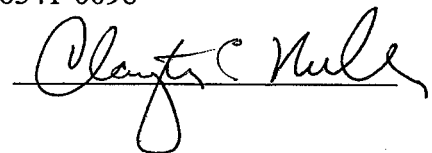
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CERTIFICATE OF SERVICE

The undersigned certifies that on July 3, 2007, a copy of the petitioner's rebuttal testimony was served by hand delivery to the Indiana Office of Utility Consumer Counselor, Indiana Government Center North, Room N-501, Indianapolis, IN 46204 and was deposited in the U.S. mail, first-class postage prepaid, addressed to:

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION)	
OF TWIN LAKES UTILITIES, INC. FOR)	
AN INCREASE IN ITS RATES AND)	CAUSE NO. 43128
CHARGES FOR WATER AND WASTEWATER)	
UTILITY SERVICE)	

SETTLEMENT TESTIMONY OF MICHAEL T. DRYJANSKI

**On Behalf of Petitioner
Twin Lakes Utilities, Inc.**

Pre-Filed July 3, 2007

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
2 **ADDRESS.**

3
4 A. My name is Michael T. Dryjanski. I am the Manager, Regulatory Accounting for
5 Twin Lakes Utilities, Inc. My business address is 2335 Sanders Road,
6 Northbrook, IL 60062.

7 **Q. ARE YOU THE SAME MICHAEL DRYJANSKI WHO SUBMITTED**
8 **DIRECT, SUPPLEMENTAL AND REVISED REBUTTAL TESTIMONY**
9 **IN THIS PROCEEDING?**

10
11 A. Yes.

12
13 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

14
15 A. The purpose of my settlement testimony is to provide Twin Lakes Utilities'
16 ("Twin Lakes") perspective on the Settlement Agreement ("Settlement") between
17 Twin Lakes, the Indiana Office of Utility Consumer Counselor ("OUCC"), and
18 the intervenor Lakes of the Four Seasons Property Owners' Association
19 ("LOFS"). I will explain why the Settlement is in the public interest and should
20 be accepted by this Commission without change.

21 **Q. PLEASE DESCRIBE HOW THE SETTLEMENT ADDRESSES THE**
22 **CONCERNS AND AGREEMENTS WITH THE OUCC AS ADDRESSED**
23 **IN YOUR REVISED REBUTTAL TESTIMONY.**

24 A. As noted in my revised rebuttal testimony, Twin Lakes accepted some of the
25 OUCC's proposals with respect to its calculation of appropriate water and sewer
26 rates, while we continued to disagree in other areas. The Settlement represents
27 the parties' compromise of these remaining differences. Nowhere is this more
28 apparent than in our agreement as to the appropriate rate of return on Twin Lakes'
29 equity capital. Although our expert, Pauline Ahern, recommended a rate above

1 11%, while the OUCC's witness proposed that the rate be set below 10%, we
2 concluded that it was in everyone's interest if we could agree on a middle ground
3 and avoid the cost, uncertainty and delay attendant further litigation. 10.15% as
4 called for in the Settlement represents that mutually agreeable rate of return in this
5 case, which is well within the range of reasonableness based on other rate
6 proceedings of this Commission and other jurisdictions. The Settlement also
7 contains specific commitments from Twin Lakes designed to address the most
8 pressing concerns identified by the LOFS at the field hearing as well as in its
9 prefiled responsive testimony.

10
11 **Q. WHY IS THE SETTLEMENT IN THE PUBLIC INTEREST?**

12
13 A. Settlements in general are an efficient means of resolving disputes. They reduce
14 regulatory lag as well as expense, not to mention place fewer demands on limited
15 administrative resources. Such benefits are present here. Additionally, this
16 particular Settlement is in the public interest because it includes a meaningful
17 commitment from Twin Lakes to address the final two discharging sewer
18 manholes in a rational and systematic manner, and to support re-stocking LOFS's
19 lakes with fish. Also, the proposed rate increase reflects an acceptable amount of
20 revenue increase for the company, and the Settlement provides a mechanism
21 which will avoid additional expenses for all parties. Finally, if approved by the
22 Commission in a timely fashion the Settlement represents the best prospect for
23 expediting the rate relief to which all parties agree the company is entitled.

24
25 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

26
27 A. Yes, it does.